United Nations A/C.5/68/SR.4

General Assembly
Sixty-eighth session

Official Records

Distr.: General
20 January 2014

Original: English

Fifth Committee

Summary record of the 4th meeting
Held at Headquarters, New York, on Monday, 7 October 2013, at 10 a.m.

Chair: Mr. Taalas ..... (Finland)
Chair of the Advisory Committee on Administrative and Budgetary Questions: Mr. Ruiz Massieu

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The meeting was called to order at 10.10 a.m.

Agenda item 138: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/C.5/68/L.2)

Draft resolution A/C.5/68/L.2.

1. *Draft resolution A/C.5/68/L.2 was adopted.*

Agenda item 142: Report on the activities of the Office of Internal Oversight Services (A/68/337 (Part I) and A/68/337 (Part I)/Add.1)

Agenda item 132: Review of the efficiency of the administrative and financial functioning of the United Nations (A/68/273)

2. **Ms. Lapointe** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on its activities for the period from 1 July 2012 to 30 June 2013 (A/68/337 (Part I) and A/68/337 (Part I)/Add.1), said that, in its resolution 67/258, the General Assembly had approved the publishing of internal audit reports on the OIOS website on an experimental basis until 31 December 2014. Publication had begun in June 2013 and, in that connection, the Office had developed standard operating procedures regarding publication of such reports in order to ensure that highly confidential information was safeguarded from potential exploitation. OIOS was also improving the design of the site from which the reports were accessed.

3. Although the list of internal audit reports was updated regularly, the links to the reports themselves only became active 30 days after they appeared on the website. That delay gave Member States the opportunity to review the reports before they were made available to the general public. Public disclosure of internal audit reports enhanced the transparency of the internal audit process and was a means of acknowledging the Organization's imperfections. It also provided management an opportunity to communicate how it intended to correct reported weaknesses. Such disclosure had also had a positive effect on the quality and clarity of internal audit reports and had helped to make them more concise.

4. To further improve its effectiveness in communicating results, OIOS has published on its website a list of key oversight terms that were used in its reports and in relation to its activities. The publication of that list, which had been developed in cooperation with key stakeholders, would facilitate communication between the Office and those stakeholders as well as within the oversight community.

5. Vacancy rates in OIOS had remained relatively stable during the reporting period. The overall rate, which had stood at 14 per cent as at 30 June 2013, was expected to improve once the transition period for implementing the reorganization of the peacekeeping investigations function was completed. The General Assembly's decision to support the restructuring of the peacekeeping-related investigations resources in the context of the support account budget would help to improve the efficiency and effectiveness of these activities and improve vacancy rates in that area, which had stood at 21 per cent at the end of the reporting period.

6. **Mr. Mihm** (Chair, Independent Audit Advisory Committee), introducing the report of the Independent Audit Advisory Committee (IAAC) on its activities for the period from 1 August 2012 to 31 July 2013 (A/68/273), said that the quality of the recommendations oversight bodies made and management's progress in addressing them were critical elements of an effective internal control system. The improved rates of implementation of oversight body recommendations were therefore a step in the right direction. However, in order to be an essential element of accountability, such recommendations must be of high quality, add value and be implemented in a timely manner.

7. Management was commended for the action it had taken to implement the Board of Auditors' recommendations. However, the overall implementation rate, which had been 45 per cent for 2010/2011, indicated that there was much room for improvement. Although some of the Board's more strategic recommendations took time to implement, that did not lessen the need for management to be aggressive in responding to the Board's findings and recommendations.

8. In its previous report on its activities (A/67/259), IAAC had noted that OIOS had changed the way in which it classified and followed up on its recommendation. Under the new arrangement, the implementation of critical recommendations was assessed on a quarterly basis, while implementation of

those categorized as important was assessed annually. In that connection, IAAC was concerned that the number of past due recommendations that were classified as critical continued to increase every quarter. It was not clear, however, whether the outstanding recommendations had not been implemented because management had set unrealistic completion dates or because of factors that were beyond management's control. IAAC recommended that the Management Committee should address the root cause of that problem and ensure that programme managers met the target dates they had set for implementing the recommendations of oversight bodies.

9. There was increased interest by the administration to implement enterprise risk management. However, in accordance with the relevant General Assembly resolutions and the recommendations of the Advisory Committee on Administrative and Budgetary Questions, it was recommended that the Organization should systematically identify the key risks that should be brought to the attention of the General Assembly as a matter of priority. Certain entities, including the Office of the Capital Master Plan, the Department of Field Support and the Office for the Coordination of Humanitarian Affairs, were beginning to integrate risk management into their operations. IAAC would continue to follow up with those and other entities to review their progress in implementing enterprise risk management. In that connection, he noted that IAAC had previously recommended that the Secretary-General should submit a report to the General Assembly on the status of the enterprise risk management system in the Secretariat based on the benchmarks that had been identified by the Joint Inspection Unit, with a view to establishing a baseline against which progress could be measured.

10. An effective enterprise resource management system would help to break down organizational "silos" and provide an organization-wide perspective. A departmental approach to risk management might lead to a situation in which the risk-mitigation strategy of one department could affect another's ability to execute effectively its mission. IAAC therefore recommended that the administration should coordinate efforts to integrate risk management throughout the Organization.

11. With regard to the workplan and budget of OIOS for 2012-2013, IAAC recommended that the Office should place more emphasis on auditing of mission-based procurement activities, given the high level of procurement done in the field; ensure that it finalized its reports in a timely manner; continuously examine and, as appropriate, update its risk assessment processes; make a concerted effort to address the extended delays in the completion of its investigations; and avoid the "silo" effect among its divisions.

12. High vacancy rates in OIOS had been a long-standing issue. He therefore welcomed the significant improvement in that rate, which had declined from 21.5 per cent in 2011 to 14 per cent as at 30 June 2013. Despite that improvement, many assignments were still not being completed in a timely manner and the carry-over rate of assignments remained high. It was therefore recommended that the Office should strive to ensure consistency between budget execution and program delivery.

13. In 2012, IAAC had reported that the Internal Audit Division of OIOS had made progress in implementing the recommendations arising from the external review that had been conducted in 2011. The external review of the other two divisions had been completed in 2013 and efforts were under way to implement the recommendations that had been made. The recommendations arising from the external review of the Investigations Division should take into account the report that had been requested by the Secretary-General on strengthening investigations. In that connection, he recalled the previous recommendation of IAAC that, in accordance with General Assembly resolution 62/247, the Secretary-General should finalize the terms of reference with regard to the proposed comprehensive review of investigations.

14. IAAC reiterated its long-outstanding recommendation that the Investigations Division of OIOS should take a more proactive approach to its work. The need to do so was all the more important in view of the low level of procurement-related investigations. IAAC therefore welcomed the establishment by the Investigations Division of a proactive investigation unit. However, IAAC remained concerned at the slow progress in that important aspect of the work of OIOS and recommended that it should demonstrate tangible development in that regard in its future workplans.

15. With regard to financial reporting, IAAC acknowledged the ongoing discussions that management was having with the Board of Auditors and other oversight bodies regarding the International Public Sector Accounting Standards (IPSAS). IAAC believed that, in some instances, the Secretariat would have to take duly justified management actions, particularly where IPSAS was silent on an issue. As for Umoja, he said that, in spite of recent progress, IAAC had been informed that the project remained a high-risk undertaking. IAAC recommended that management should continue to identify and manage key risks that might prevent that project from achieving its objectives.

16. **Mr. Navoti** (Fiji), speaking on behalf of the Group of 77 and China, said that OIOS has a critical role to play in strengthening internal controls, augmenting accountability mechanisms and improving organizational efficiency and effectiveness. Recalling the provisions of General Assembly resolution 48/218 B, he reiterated the Group's support for the operational independence of OIOS and its role in assisting the Secretary-General with his internal oversight responsibilities.

17. The Group noted with appreciation the initiatives to strengthen the work of OIOS and was particularly interested in learning how the external review of the Investigations Division and other initiatives, such as the completed pilot project on investigations in the field, would influence the implementation of mandates related to strengthening investigation. It also welcomed the compilation of the first version of the list of key oversight terms and encouraged the Office to continue updating the list on a regular basis.

18. While it reaffirmed the separate and distinct roles of internal and external oversight mechanisms, the Group nonetheless emphasized that cooperation among the oversight bodies was vital to ensuring effective oversight in the United Nations. The Group welcomed the ongoing cooperation and cordial partnership between OIOS and other United Nations oversight bodies, including the Board of Auditors and Joint Inspection Unit, as well as other oversight institutions.

19. The Group had taken note of the information related to oversight results as well as the internal risk trends and analysis, and it would seek to deepen its understanding of those matters, including the allocation of resources and implementation of risk-based workplans, in the informal consultations.

20. With regard to the mandated reporting requirement, the Group noted with appreciation the information contained in the report on the Office's oversight activities in relation to the capital master plan and the United Nations Compensation Commission. However, it regretted that the report did not include information on oversight activities in relation to the construction of additional office facilities at the Economic Commission for Africa in Addis Ababa, as the General Assembly had requested in its resolution 63/263. The Group would seek clarification on that matter in the informal consultations.

21. Lastly, he said that IAAC had presented recommendations aimed at enhancing the effectiveness, efficiency and impact of the audit activities and other oversight functions of OIOS. The Group looked forward to holding a comprehensive discussion in informal consultations on several of the comments, observations and recommendations that IAAC had made.

22. **Mr. Dettling** (Switzerland), speaking also on behalf of Liechtenstein, said that the two delegation wished to commend OIOS for compiling and publishing the list of key oversight terms. Given that the Office has started to post internal audit reports on its website on an experimental basis, it was all the more important to clearly define the many technical terms, in order to ensure that audit reports were better understood by both Member States and the wider public. They also noted with satisfaction that vacancy rates had remained stable, despite the reorganization of the peacekeeping investigations function.

23. While those developments were very positive, Switzerland and Liechtenstein found it regrettable that the number of past due critical recommendations was increasing. They encouraged management to set more realistic timelines for the implementation of recommendations and urged the Secretary-General to hold the relevant departments and managers accountable when deadlines were missed.

24. Enterprise risk management continued to be an area where institutional inertia was particularly problematic. A comprehensive approach to assessing risk throughout the Organization was still lacking. Moreover, the internal audit risk trend analysis, which

had been included in the OIOS annual report for the second time, was not thorough enough. That lack of thoroughness made it difficult to gain a proper understanding of the risks facing the Organization.

25. There was still untapped potential to enhance cooperation and maximize synergies among the three divisions of OIOS. Switzerland and Liechtenstein hoped that the current division of labour between the Under-Secretary-General and the Assistant Secretary-General would enable OIOS to make progress towards that goal. They also believed that that the Under-Secretary-General was better placed to advise the Secretary-General when he embarked on new business transformation initiatives. The participation of the Under-Secretary-General as an observer in the meetings of the Management Committee had certainly been an important step in that regard. However, it worth noting that the Under-Secretary-General might be able to make a greater contribution if she enjoyed the same status as the other members of the Management Committee.

26. Recalling that all three divisions of OIOS had recently undergone an external review, he said that the outcome of those reviews would be of interest to Member States as they prepared to conduct their own review of OIOS at the sixty-ninth session of the General Assembly. In that connection, he noted that the proposal to transfer all investigation functions in the Secretariat to the Office merited consideration and the delegations looked forward to receiving more detailed information in that regard. Switzerland and Liechtenstein also expected the Secretary-General to submit the terms of reference requested in General Assembly resolution 62/247 in time for the Assembly's review of the mandate of OIOS.

27. **Mr. Cabactulan** (Philippines) said that his delegation wished to reaffirm the importance of maintaining a separation between internal and external oversight bodies because such separation was required to ensure their effectiveness. Oversight bodies were therefore encouraged to sustain their cooperative relations while maintaining their distinct roles.

28. His delegation was pleased with the progress that had been made in strengthening the functioning of OIOS, in particular the conduct of an external quality review. Such reviews enabled Member States to take more informed decisions regarding requests and proposals made by the Office.

29. The efforts of OIOS to prioritize its audit recommendations based on risks and highlight the most critical recommendations were welcome. His delegation, however, was concerned at the 36 past due critical recommendations. It also noted that a large proportion of the operational risks identified were related to audit recommendations concerning non-peacekeeping activities.

30. From the Office's report, it was not clear whether the purpose of the evaluations performed by the Inspection and Evaluation Division was to assess the effectiveness and efficiency of the entities being evaluated or those entities' capacity to evaluate their own programmes and projects. His delegation also believed that it would be useful to learn what actions management had taken in response to the reports prepared by the Investigations Division.

31. He trusted that the Office would heed the observations that IAAC had made on how it could improve its effectiveness, including by issuing investigation reports in a timely fashion and the need for greater scrutiny of mission-based procurement activities. His delegation also looked forward to learning the views of IAAC on the implementation of significant change and reform measures, such as the accountability system, the global field support strategy, IPSAS and Umoja.

32. Lastly, his delegation was concerned that the Office of the Capital Master Plan had disagreed with the partially satisfactory rating that OIOS had given it with regard to governance, risk management and control, in view of the significant resources that had been invested in that capital project.

33. **Mr. Lieberman** (United States of America) said that OIOS continued to play a vital role in ensuring the transparency, accountability and effectiveness of the United Nations. Its focus on the responsible use of resources and attention to waste, fraud and mismanagement enhanced the integrity and accountability in the Organization.

34. Over the past few years, the General Assembly had attempted to provide the Office with the resources and tools it needed to carry out its mandates. An Assistant Secretary-General had been appointed and was assisting the Under-Secretary-General to develop strategic goals and priorities. The audit function had been improved and forensic audit capacity had been increased. All OIOS divisions were striving to further

enhance coordination with one other, the Investigations Division had been restructured and key vacancies had been filled. His delegation also commended the Under-Secretary-General for launching the pilot program to publish internal audit reports on the OIOS website and for publishing the list of key oversight terms.

35. However, despite the progress that had been made, his delegation believed that the Office continued to face challenges in respect of its investigative capacity and its willingness to proactively pursue investigations. The external quality review had produced 91 recommendations, a number that was very high by any standard. His delegation urged the Investigations Division to implement those recommendations as quickly as possible.

36. Other challenges that were facing OIOS included the need to ensure its operational independence, which was of paramount importance to effective and credible internal oversight, and the ability to exercise greater budget autonomy. It was crucial that OIOS should not to be constrained by funding limits as it carried out its essential work.

Agenda item 133: Programme budget for the biennium 2012-2013 (*continued*) *United Nations Office for Partnerships* (A/68/186)

37. **Mr. Rich** (Officer-in-Charge, United Nations Office for Partnerships), introducing the report of the Secretary-General on the United Nations Office for Partnerships (A/68/186), said that United Nations Office for Partnerships administered the United Nations Fund for International Partnerships (UNFIP), the United Nations Democracy Fund and the partnership advisory services and outreach programme.

38. UNFIP served as the interface between the United Nations Foundation and the United Nations system. At the end of 2012, the cumulative allocations provided by the United Nations Foundation through UNFIP to projects implemented by the United Nations system had reached approximately $1.2 billion. Although the largest part of funding had gone to polio, measles and malaria campaigns, considerable sums had been devoted to projects aimed at empowering women and assisting adolescent girls. UNFIP had also done much to promote sustainable energy initiatives and had supported the Secretary-General efforts in relation to the post-2015 agenda by providing funding for the Special Adviser on Post-2015 Development Planning.

39. The United Nations Democracy Fund focused on strengthening the voice of civil society, promoting human rights and ensuring the participation of all groups in democratic processes. Through the Democracy Fund, the Office had channelled approximately $110 million to more than 400 projects in 150 countries around the world. The Democracy Fund had launched its seventh round of project proposals in November 2012. When acceptance of applications had closed on 31 December 2012, the Fund had received 3,013 project proposals.

40. Another component of the Office's work was partnership advisory services and outreach. Those services had been initiated in 2006 in response to the growing demand from the United Nations system, Governments and non-State actors for advise on how best to develop and implement public private partnerships.

41. **Mr. Navoti** (Fiji), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the participation of stakeholders, including the private sector, in activities aimed at achieving the goals and objectives of the United Nations.

42. The information contained in the report was relevant to the work of other Main Committees of the General Assembly and it was appropriate that they should also be given the opportunity to consider its contents, as that would enhance transparency and promote a more vital and constructive dialogue on all aspects of such an important subject.

43. Effective partnerships between the Organization and the private sector could make an important contribution to the international community's collective effort to achieve internationally agreed development goals, including the Millennium Development Goals, and encourage dialogue on the post-2015 development agenda.

44. In his report, the Secretary-General stated that the relationship agreement between the United Nations and the United Nations Foundation was being reviewed to ensure that it was updated to reflect the evolution of the Foundation's collaboration with the United Nations. The Group strongly believed that recognition of national leadership and ownership of development strategies should be a guiding principle of the Organization's operational activities. Partnerships should also be framed and premised on that principle;

they should complement rather than overtake or supersede national endeavours aimed at achieving the objectives and goals of national development strategies.

45. New initiatives and, in particular, partnerships should not diminish the regulatory role of the State and intergovernmental bodies. More importantly, the intergovernmental nature of the United Nations and the central role and responsibility of Governments in national and international policymaking must be maintained. Partnerships should be governed by and built around the purposes and principles of the Charter of the United Nations and there must greater transparency and accountability in their work.

46. **Mr. Chumakov** (Russian Federation) said that, although the report gave a good overview of the work of UNFIP, the United Nations Democracy Fund and advisory partnership services and outreach work, his delegation wished to learn more about the Office's efforts to coordinate with other United Nations agencies responsible for related areas of work. His delegation would request further information in that regard in the informal consultations.

47. The Committee should bear the report in mind when it considered the Secretary-General's budget request for the creation of a new Partnership Facility. In that connection, his delegation noted that the Secretary-General proposed that part of the Office and the direct management of its trust fund should be transferred to the new Partnership Facility, while the other funds, including the Democracy Fund, should continue to be managed by the Office's Deputy Executive Head, given their unique nature. The proposal to use the departments, services and other resources of the Global Compact Office for the new Facility, while maintaining their independence, would require further scrutiny. The accountability and performance evaluation mechanisms for the new Facility remained unclear. His delegation would raise those and other questions in the informal consultations regarding the proposed programme budget for the biennium 2014-2015.

48. Lastly, his delegation deeply regretted that the report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for the biennium 2014-2015 had not yet been issued in all of the official languages, although it had been completed in mid-August 2013. The delay in the issuance of that report would make it difficult to consider other reports that had been submitted to the Committee.

The meeting rose at 11.15 a.m.